



MEMORANDUM

DATE: September 27, 2019

TO: USAID/India Acting Mission Director, Keith E. Simmons

FROM: USAID OIG Asia Regional Office Audit Assistant Director, Emily Gardiner /s/

SUBJECT: Financial Audit of the Tuberculosis Call to Action Project in India Managed by Resource Group for Education and Advocacy for Community Health, Cooperative Agreement AID-386-A-16-00002, April 1, 2017, to March 31, 2018 (5-386-19-058-R)

This memorandum transmits the final audit report on the Tuberculosis Call to Action (TBC2A) Project in India. Resource Group for Education and Advocacy for Community Health (REACH) contracted with the independent certified public accounting firm of P.K. Chopra & Co. to conduct the audit. The contract required the audit firm to perform the audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

P.K. Chopra & Co. stated that it performed its audit in accordance with GAGAS except that it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. P.K. Chopra & Co. is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the recipient's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. The mission, however, asked the auditors in its contract to follow the Guidelines, and this contracted audit followed those Guidelines.

² We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit objectives were to (1) express an opinion on whether REACH's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate REACH's internal controls; (3) determine whether REACH complied with agreement terms and applicable laws and regulations (including cost-sharing contributions); and (4) determine if REACH had taken adequate corrective actions on prior audit recommendations. To answer the audit objectives, P.K. Chopra & Co. reviewed project documents and procedures; examined the fund accountability statement; evaluated the recipient's internal controls relevant to the project; tested compliance with agreement terms and applicable laws and regulations; and assessed the status of prior audit recommendations. The audit covered project revenues and costs of \$855,733 and \$862,719, respectively, from April 1, 2017, to March 31, 2018.

P.K. Chopra & Co. concluded that, except for the effect of the questioned costs totaling \$2,246 (ineligible), the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. However, the \$2,246 in questioned costs did not pertain to costs in the fund accountability statement but instead pertained to costs in the cost-sharing contributions schedule, as discussed below.

The audit firm did not identify any material weaknesses in internal control or material instances of noncompliance. In response to our inquiry, the mission clarified that of the three findings presented in the annexures to the reports on internal control and compliance (pages 34-37 and 40-42), one was other internal control matter and two were immaterial instances of noncompliance. Further, P.K. Chopra & Co. reported that all prior audit findings were resolved.

Regarding the review of cost-sharing contributions, which is required under the agreement, P.K. Chopra & Co. reported that REACH contributed \$82,682 for the period audited. Further, the audit firm reported questioned cost-sharing contributions of \$2,246 related to administrative costs improperly claimed as cost-sharing contributions. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that the mission determine the allowability of the \$2,246 questioned cost-sharing contribution and recover any amount determined to be unallowable.

During our desk review, we noted numerous report content issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated September 27, 2019.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and Compliance Tracking System. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

Attachment: a/s